

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 SSM-03 CIAE-00 COME-00
EB-08 INR-10 LAB-04 NSAE-00 SIL-01 PA-01 ICA-11
DODE-00 PM-05 H-01 L-03 NSC-05 SP-02 SS-15
TRSE-00 OMB-01 /106 W
-----029330 150720Z /13-11

R 141305Z APR 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2565
INFO AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMCONSUL JERUSALEM
USMISSION USUN NY
USMISSION SINAI 0783

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NKKO. 11652: N/A
TAGS: ELAB, IS
SUBJECT: THE CURRENT LABOR SITUATION

REF: A. TEL AVIV 4700; B. TEL AVIV 4701; C. TEL AVIV 4702

1. SUMMARY: THE LABOR SITUATION APPEARS TO BE TEMPORARILY
STABILIZING AS MORE UNIONS TURN TO THE HISTADRUT TRADE
UNION DEPARTMENT ASKING IT TO NEGOTIATE ON THEIR BEHALF
WITH THE GOVERNMENT AND THE EMPLOYERS. THE NON-
PROFESSIONAL CIVIL SERVANTS HAVE POSTPONED THEIR STRIKE
CALL FOR APRIL 13 ONCE MORE, THE JOURNALISTS HAVE RE-
TURNED TO WORK, AND THE EL AL EMPLOYEES ARE INDICATING
READINESS TO RESUME WORK, BUT NOT ON THE BASIS OF
ACCEPTING HARD GOVERNMENT PRECONDITIONS. HOWEVER, THE
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MORE MILITANT PROFESSIONAL UNIONS ARE BIDDING THEIR TIME
AND ARE AWAITING THE OUTCOME OF THE CURRENT ROUND
OF GOVERNMENT-HISTADRUT NEGOTIATIONS OF A WAGE CONTRACT
IN THE PUBLIC SECTOR. ON THE GOVERNMENT SIDE SIGNALS
AS TO THE DIRECTION OF ITS WAGE POLICY REMAIN MUDDLED
AND CONTRADICTORY. THE GOI IS CLEARLY SEARCHING FOR
WHAT PRICE TO PAY AND THROUGH WHAT MEANS TO ATTAIN

PUBLIC SERVICE LABOR PEACE. SOME SIGNS POINT TO CONSIDERABLE DETERMINATION TO KEEP CONCESSIONS TO A MINIMUM; OTHERS POINT TO A WILLINGNESS TO TRADE WAGE CONCESSIONS AGAINST GAINING GREATER CONTROL OVER DISCIPLINE AND EFFICIENCY IN PUBLIC SERVICE EMPLOYEED. THERE IS ALSO THE TACTICAL QUESTION WHETHER TO RELY ON CENTRALIZED NEGOTIATIONS WITH THE HISTADRUT OR WHETHER MORE COULD BE OBTAINED BY DEALING SEPARATELY WITH INDIVIDUAL UNIONS AND WORKS COUNCILS SINCE HISTADRUT IS NOT LIKELY TO HELP POLICE WAGE DEMANDS OF ITS AFFILIATES. END SUMMARY

2. BOTH LABOR AND SOCIAL AFFAIRS MINISTER ISRAEL KATZ AND HISTADRUT SECRETARY GENERAL YERUHAM MESHEL HAVE TOLD THE LABATT IN THE LAST TWO DAYS THAT THEY CONTINUE TO VIEW THE SITUATION WITH ARABE CONCERN AND COULD NOT JUDGE WHETHER THE LABOR SCENE WAS ACTUALLY BECOMING MORE STRUCTURED AND RESPONSIVE TO THIER EFFORTS TO CURB EXCESSIVE DEMANDS OR REFLECTED SIMPLY A MOMENTARY LULL.

3. THE MOSE SIGNIFICANT NEW LABOR DEVELOPMENT WAS AN AGREEMENT OF A JOINT CABINET COMMITTEE ON ECONOMIC POLICY AND WAGES. ON THE EVENING OF APRIL 10 THE COMMITTEE ACCEPTED THE HISTADRUT DEMAND FOR A 15 PERCENT WAGE INCREASE FOR THE PUBLIC SECTOR ON THE SAME BASIS AS THE WAGE AGREEMENT FOR THE PRIVATE SECTOR.
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4. ALTHOUGH GOI OFFICIALS HAD EARLIER INDICATED PRIVATELY THAT THEY WERE PREPARED TO MEET HISTADRUT DEMANDS, THE SUDDEN ANNOUNCEMENT PRIOR TO THE NEGOTIATIONS CAME AS A SURPRISE. AS MINISTER KATZ INDICATED, THE CABINET WAS WORRIED ABOUT THE DANGER THAT THE LABOR SITUATION COULD GET OUT OF HAND AND SERIOUSLY UNDERMINE THE GOI'S ABILITY TO COPE WITH INFLATION. THUS IT DECIDED TO ACCEPT THE HISTADRUT PROPOSAL, BUT TO ATTACH TO IT SUCH CONDITIONS AS THE ENDING OF SHORTER SUMMER HOURS, FREEDOM TO TRANSFER PERSONNEL BETWEEN MINISTRIES AND DEPARTMENTS, A NO-STRIKE PLEDGE, AND ACKNOWLEDGEMENT OF THE GOVERNMENT'S RIGHT TO CONTRACT OUT SERVICES NOW PERFORMED BY CIVIL SERVANTS.

5. THE HISTADRUT, FAR FROM BEING ELATED OVER THE JOINT CABINET COMMITTEE DECISION, FEELS ITSELF NOW IN A SERIOUS BIND AND WOULD HAVE PREFERRED ARRIVING AT AN AGREEMENT THROUGHT CAREFUL NEGOTIATIONS. AT THIS STAGE IT IS NOT CLEAR WHETHER THE 15 PERCENT REFERS ONLY TO A SALARY INCREASE OR TO A PACKAGE INCLUDING A NEW

EDUCATION ALLOWANCE, THE COST OF PROMOTIONS AND
SENIORITY INCREASES AND A MORE GENEROUS PENSION PLAN.
IF THE FORMER, THE ACTUAL INCREASE WOULD BE ONLY 7-8 PERCENT;
IF THE LATTER, THE COST INCREASE WOULD BE ABOUT 25 PER CENT.
THE LINKAGE OF PRECONDITIONS TO THE GOI'S OFFERS TO GRANT A 15
PERCENT WAGE INCREASE TO CIVIL SERVANTS AND TO
RESUME NEGOTIATIONS WITH EL AL AND OTHER STRIKE BOUND GROUPS
OF EMPLOYEES POSE ADDITIONAL SERIOUS PROBLEMS FOR THE HISTADRUT.

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6. HISTADRUT LEADERS FEEL THAT THE GOVERNMENT DEMANDS ARE
LEGITIMATE SUBJECTS FOR CONTRACT NEGOTIATIONS BUT WILL REJECT
THEM AS PRECONDITIONS. THEY SEE IN THE GOVERNMENT'S APPROACH A
CLUMSY TACTICAL EFFORT TO BYPASS OR POSTPONE NEGOTIATIONS
WITH THE MORE TROUBLESOME INDIVIDUAL UNIONS AND WORKS
COUNCILS IN ORDER TO MAKE THE HISTADRUT AN ARM OF THE
GOVERNMENT, SHARING THE FULL BURDEN OF
LEGITIMIZING THE CONDITIONS WHICH IT SEEKS TO LAY
DOWN IN THE NEW CONTRACT. YET AT ITS NOVEMBER 1977
CONVENTION THE HISTADRUT HAD COMMITTED ITSELF TO
GIVING MEMBER UNIONS AND WORKS COUNCILS GREATER
AUTONOMY AND RESPONSIBILITY. THUS MESHEL AND HIS

LIEUTENANTS ARE NOT IN A POSITION TO IGNORE THEM OR TO
ACCEPT THE ROLE WHICH THE ACABINET IS TRYING TO THRUST
UPON THEM.

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7. THE PROBLEM FACING THE HISTADRUT IS HOW TO DEAL
WITH THIS SITUATION. MESHEL CLEARLY PREFERS A
CENTRALIZED SYSTEM OF NEGOTIATIONS. HOWEVER, HE
CANNOT AFFORD TO LOSE THE CONFIDENCE OF IMPORTANT
UNIONS AND WORKS COUNCILS. HIS ABILITY TO MODERATE
WAGE DEMANDS WOULD BECOME LIMITED IF THE HISTADRUT
WERE VIEWED AS PLAYING THE GOVERNMENT'S GAME AGAINST
ITS MEMBER ORGANIZATIONS. THE UNIONS AND WORKS COUNCILS
WOULD PRESS FOR EVEN GREATER AUTONOMY, THUS ADDING TO THE
STRAIN AND CONFUSION OF THE CURRENT SITUATION.

8. ON THE GOVERNMENT SIDE THERE ALSO SEEMS TO BE
CONSIDERABLE DISARRAY. EVERYONE ADMITS THAT THE
SITUATION COULD DETERIORATE FURTHER, ESPECIALLY SINCE
THE MORE ARTICULATE PROFESSIONAL UNIONS HAVE SO FAR
LIMITED THEMSELVES TO DECLARATIONS AND HAVE NOT YET
PRESENTED THEIR DEMANDS. THE GOVERNMENT HAD WANTED
TO SET EXAMPLES WITH THE SEAMEN AND EL AL. WHILE
THIS WORKED REASONABLY WELL IN THE CASE OF THE MARITIME
INDUSTRY, IT NOW SEEMS THAT EL AL AND GOI INSISTENCE
ON PRECONDITIONS FOR RESUMING NEGOTIATIONS MAY BACK-
FIRE. IF THE GOVERNMENT YIELDS IN THE
EL AL CASE, THIS TOGETHER WITH ITS PUBLIC SECTOR WAGE CON-
CESSIONS (FOLLOWING WEEKS OF DIRE WARNINGS
AGAINST ANY CONCESSIONS, COULD WEAKEN THE
CREDIBILITY OF ITS WAGE POLICY. THUS THE PROSPECT
REMAINS OF A PROLONGED MUDDLE WHICH IS BOUND TO
UNDERMINE THE GOVERNMENT'S EFFORTS TO IMPLEMENT A
NATIONAL INCOMES POLICY.
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